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ABSTRACT

The state of Michigan instituted the Gast-Mathieu Fairness in Funding Formula in order to equitably apportion state monies to state community colleges. This report examines the Gast-Mathieu Fairness in Funding Formula, and explains and illustrates how the formula works, while documenting how and when it has been used in making state appropriations to the community colleges. The Formula was first used to distribute funds in FY 1984-85. The Formula calculates a dollar amount need for each college based on instructional and non-instructional costs, tax equalization grants, local and student funding responsibility, and other sources of revenue. The Formula applies statewide average cost factors to activity measures specific to each college, thereby estimating the total expenditures each college should expect to incur. This is called "Gross Need," and is a summation of instructional and non-instructional costs. Tax equalization grants are added to Gross Need as a separate component. Instructional Need accounts for 48.6% of the entire Target Need for colleges. State appropriations for FY 1997-98 were expected to total over $275 million, or 40% of total community college funding. Presents figures for three fictitious community colleges applying the Formula. (Contains 12 figures and 4 tables.) (NB)

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FISCAL FOCUS

THE COMMUNITY COLLEGE FUNDING FORMULA: A LOOK AT ITS COMPONENTS

Prepared by:

Kathryn Summers-Coty, Fiscal Analyst

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TO: The Members of the House of Representatives

Michigan's 28 community colleges receive funding from several sources: student tuition and fees, local millage, state appropriations, and other revenues. In FY 1997-98, state appropriations for community colleges will total over $275 million or approximately 40% of total community college funding.

This **Fiscal Focus** examines the Gast-Mathieu Fairness in Funding Formula which has been used in the appropriations process as one way of apportioning state monies to the community colleges. For example, the Legislature and the Governor have applied this funding methodology in ten of the last fourteen years. **The Community College Funding Formula: A Look at Its Components** explains and illustrates how the formula works and documents how and when it has been used in making state appropriations to the colleges.

The report was prepared by Kathryn Summers-Coty, Fiscal Analyst. The editorial assistance of Dr. Hank Prince, Associate Director, is appreciated. Jeanne Dee, Administrative Assistant, prepared the graphics and formatted the report for publication.

Please call should you have questions on this report.

James J. Haag, Director

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INTRODUCTION

The Michigan Legislature instituted the Gast-Mathieu Fairness in Funding Formula 14 years ago to equitably apportion state monies to the state's community colleges. Over the years, the formula often was used (to various degrees), but only to partially distribute community college appropriations.

In the 1997-98 fiscal year, for example, operational funding for the community colleges totaled just over $271 million. This represented a $12.4 million increase over the previous fiscal year's appropriation. However, only $4.7 million of the increase was distributed using the Gast-Mathieu formula.

While funding formulas in the late 1970s recognized different types of instruction and corresponding costs faced by the colleges, a more complete formula could not be developed because data collected from the colleges were often incomplete, unreliable, or missing. Data on enrollment counts and types of instruction were collected, but other types of data necessary to define varying institutions were lacking. Therefore, the Legislature and the Department of Education were stymied by a lack of accurate data to use in a funding formula. For example, in Public Act 97 of 1977, appropriations for community colleges were calculated using calendar year equated student (CYES) enrollments, defined as student credit hours generated between January 1 and December 31, divided by 31 student semester credit hours.[1] This measure of credit hours was changed the following year to fiscal year equated student (FYES), student credit hours generated between July 1 and June 30 divided by 31 student credit hours, to correspond with the schools' fiscal year. This measure of FYES is still used in formula calculations.

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[1] Colleges were grouped by the number of CYES reported, the type of districts operating the colleges (school district, city, county, township), and type of CYES, including General Academic, Vocational-Technical, and Health. Colleges received dollars per CYES reflective of the differing costs associated with providing varied types of instruction.

For the 1978-79 appropriations, a "needs determination model" was implemented to set forth "a new framework for identifying institutional financial requirements." This model took an important step toward recognizing the differences among colleges, while using an average-cost concept to determine need.[2]

Initiated in the 1984-85 Fiscal Year (FY), the Gast-Mathieu Fairness in Funding Formula began a new era in the method of distributing funds to Michigan's community colleges.

This **Fiscal Focus** explains the Gast-Mathieu formula, its rationale, its predecessors, its legislative intent, and its actual procedures. The report illustrates how political intent and practice play important roles in determining the final outcomes of community college funding levels.

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[2] The model instituted several changes: (a) it differentiated between instructional and non-instructional costs; (b) it recognized changes in student credit hour production as well as costs associated with headcount; (c) it recognized the impact of institutional size on the cost of providing educational services; and (d) it determined a local funding responsibility based on property tax values. At this time, the change from CYES to FYES occurred. The current funding formula relies heavily on the measurement of FYES.

DATA COLLECTION AND GAST-MATHIEU

Beginning in Fiscal Year 1982-83, the Activities Classification Structure (ACS) was developed. This system reported auditable data encompassing enrollment, instructional type, unduplicated headcounts, enrolled prisoner headcounts, physical plant size and costs, energy needs, tuition revenues, and local property tax revenues and valuations. The Department of Education took the lead role in developing the ACS, and today acts as the focal point for data collection from the colleges as well as the processor of the Gast-Mathieu formula using the ACS data submitted.

With the advent of the ACS and easy access to reliable, auditable data of many types, the Gast-Mathieu Fairness in Funding Formula was developed, and first used to distribute appropriations in FY 1984-85. Public Act 117 of 1984, the Community Colleges Appropriations Act, established guidelines assigned by the Legislature to determine state aid, but *did not* mandate policy to be followed by the colleges. Section 16 of the act states:

> "The formula factors used to determine state aid are not intended to encourage uniformity in staffing patterns, compensation, administrative functions, role and mission objectives, or any other relationship which is under the control of the locally elected board of trustees."

FUNDING POLICIES

The original state funding policies built into the state aid formula were characterized in the 1984 appropriations act as follows:

- Student contact hours shall be the funding unit used to determine state aid, placing more value on time in the classroom than on credits earned.
- Enrollment changes in instructional activities shall be reflected in the college's appropriation two years after the changes.
- State aid shall be directed toward assisting colleges with replacing obsolete and worn-out equipment.
- Funding of avocational and intercollegiate athletics is not a state responsibility.
- Local communities have a minimum funding responsibility represented as one mill of property tax. Additional local tax effort of communities with lower state equalized value (SEV) shall be rewarded by the state.
- State aid shall be adjusted downward to recognize the funding responsibility of the student in supporting his or her educational costs.

The funding policies stated above remain in the formula today.

The Gast-Mathieu Fairness in Funding Formula in Brief

The Gast-Mathieu formula calculates a dollar amount of need for each college based on instructional and non-instructional costs, tax equalization grants, local and student funding responsibility, and other sources of revenue available to each college. The formula applies statewide average costs factors to activity measures specific to each college, thereby estimating the total expenditures each college

should ideally expect to incur. This is called "*Gross Need,*" and it is the summation of instructional costs and non-instructional costs. **Figure 1** provides a graphical representation of the Gast-Mathieu formula components.

Tax equalization grants are added to Gross Need as a separate component. Instruction and non-instruction make up approximately 97.6% of the combined Gross Need and tax grants, with tax equalization providing the other 2.4%.

Colleges submit data showing the amount of instruction provided (measured in student contact hours, or SCOH) and the costs incurred, across six categories of instruction. Total instructional need is calculated by multiplying each instruction category's SCOH by the system average cost for that category of instruction, then summing across instruction categories.

Non-instruction is also made up of six categories:

- instructional support,
- student services,
- administrative support,
- physical plant,
- energy, and
- equipment replacement.

Non-instructional costs are similarly determined by multiplying the relevant variables mentioned above by system-wide average costs.

The Gast-Mathieu formula recognizes the differing costs of operation faced by each of the institutions. For example, each institution offers a different salary range based on the cost of living in the surrounding area. Likewise, the actual costs of maintaining a college differ around the state based on age of equipment, environmental factors, or availability of supplies.

For these reasons, as well as the fact that the colleges vary greatly in size, costs in every area of instruction and non-instruction show considerable variation across the state. The formula, using average costs, acknowledges and incorporates these differences.

Figure 1

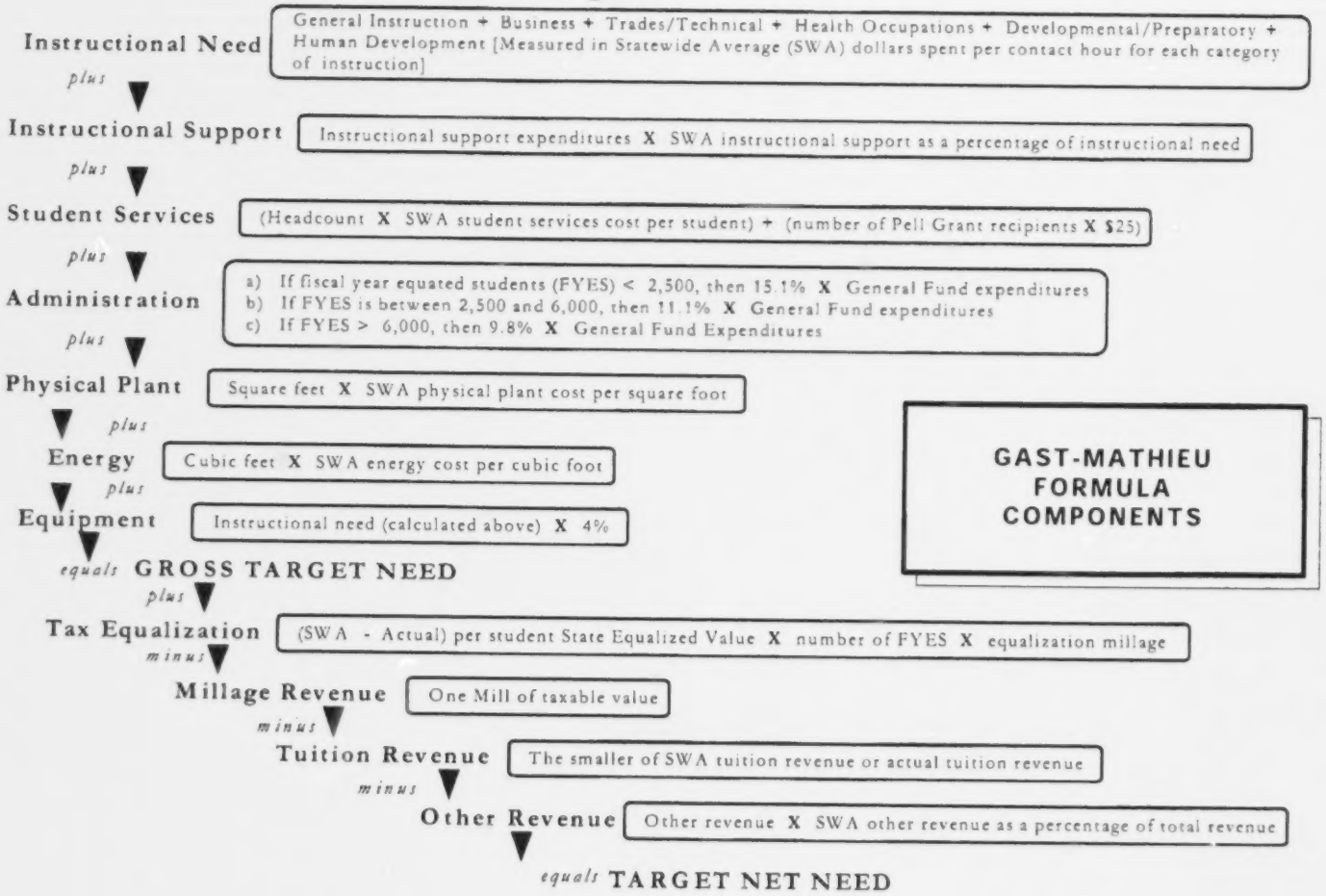

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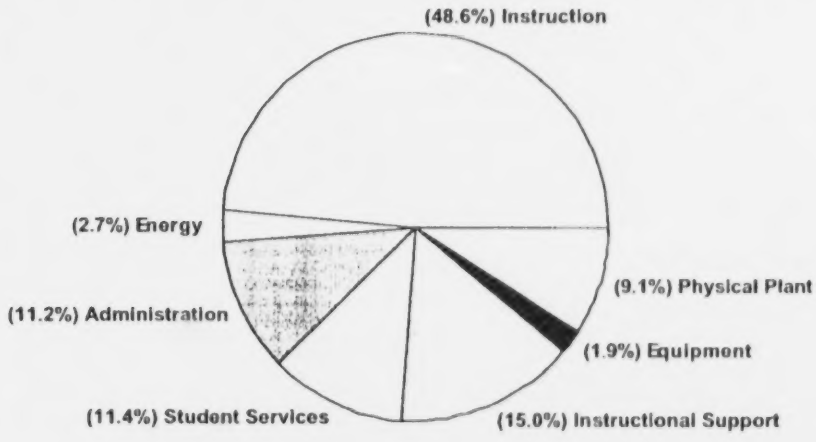
Figure 2 illustrates the breakdown of Gross Need into instruction and the six non-instructional components. Costs of providing instruction alone account for nearly half of the entire gross need faced by the colleges. Instructional Support accounts for 15% of total gross need, while Administration and Student Services each explain more than 11% of need.

Figure 2

Weights of Gross Need Variables

Instruction and Non-Instruction Components



This graph reflects the percentage that instructional and non-instructional components contribute to the Gross Need, as determined by the formula.

In addition to calculating the Gross Need, the formula also computes tax equalization grants. The 28 community college districts are not homogeneous entities. Instead, each district's tax base varies from the others' based upon the arrangement of residential, commercial, or agricultural property in the district.

A tax equalization grant is provided to each college that levies more than one mill of property tax, but receives less than the statewide average of millage revenue per pupil. This aspect of the formula attempts to equalize districts with respect to property tax revenue collected, recognizing inherent differences stemming from

the colleges' locations around the state.

The formula also determines the local, student, and state funding responsibilities. The state funding responsibility is also termed *"Net Need"*, since it is calculated by deducting the local and student funding responsibilities from the Gross Need.

- The *local funding responsibility* requires that each college levy at least one mill in local property taxes to support the college.

- The *student funding responsibility* reflects the state's policy that students should be charged tuition, and that any dollars generated by tuition be recognized as a source of revenue for the college.

- The *state funding responsibility*, also called *Net Need*, is calculated by deducting tuition and property tax revenue from the combined Gross Need and tax equalization grants. If the state were to "fully-fund" the combined Gross Need and tax equalization grants without imposing artificial restrictions, then yearly appropriations to the community colleges would equal the Net Need as determined by the formula.

Finally, the formula facilitates the pro rata allocation of community college funding. In other words, since the state is continually faced with a constrained budget and does not "fully-fund" the Net Need of the colleges, the Gast-Mathieu formula provides a means to equitably distribute the limited funds to the colleges. For example, returning to the situation described at the beginning of this **Fiscal Focus**, of $271 million appropriated to community colleges for FY 1997-98, only $4.7 million was distributed using the formula. This situation occurred because of three "artificial" restrictions imposed on the formula:

(1) The formula was not fully funded,
(2) A hold harmless policy was adopted, and
(3) Across-the-board increases were given to each college.

Restrictions

An understanding of the three restrictions mentioned above is necessary to determine the effects of legislative practice and policy on the workings of the formula.

First and foremost, the formula was not fully funded for the 1997-98 fiscal year, nor has it ever been fully funded since its inception in 1984. This means that each

college receives a prorated appropriation less than the dollar "need" of the college as determined by the Gast-Mathieu formula. For FY 1997-98, total need for the colleges was $308.1 million, or $37 million more than actual appropriations for that year.

Second, a "hold harmless" policy was adopted with respect to funding the community colleges. "Hold harmless" simply means not reducing the level of funding for a particular entity from one year to the next. For example: operational funding for community colleges in FY 1996-97 totaled $258.7 million; but in order to "hold harmless" each community college in FY 1997-98, at least $258.7 million of the $271 million in appropriations had to be dedicated to maintaining funding at each college at the previous year's amount.

Finally, a policy was adopted by the Legislature that each college in FY 1997-98 should receive an across-the-board increase approximately equal to the rate of inflation, or 3%. Formula calculations for this fiscal year did not indicate a 3% minimum increase for each college. Many colleges would have ideally received more, others less, and two colleges would have experienced a *decrease* in funding had the formula been used exclusively and in its purest form to determine distributions. In order to assure each college of a 3% increase in operational funding over FY 1996-97, $266.5 million[3] had to be dedicated for strictly non-formula purposes. Since operational appropriations for community colleges in FY 1997-98 were just over $271 million, only $4.7 million[4] remained to be distributed using the Gast-Mathieu Fairness in Funding Formula.

Tables in the **Appendix** to this report compare Gast-Mathieu target formula appropriations and actual state appropriations by college from FY 1989-90 through FY 1997-98.

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[3] The $266.5 million was determined by calculating a 3% increase over Fiscal Year 1996-97 operational funding of $258.7 million.

[4] The $4.7 million was determined by subtracting the $266.5 million necessary to give each college a 3% increase in operational funding from the total operational funding of just over $271 million in Fiscal Year 1997-98.

USE OF THE FORMULA OR DISTRIBUTIONAL METHODS

While the Gast-Mathieu formula has existed in essentially the same format for the past 14 years, it has not been used in each of those years. It was hoped that the formula would provide a way to fairly treat a wide spectrum of institutions, recognizing and rewarding their differences. In actuality, use of the formula is tied to state revenues available for the colleges.

For several years, the Legislature followed an informal policy recommended by the colleges for distributing funds. For fiscal years where percentage increases in overall funding were expected to *exceed* inflation, available dollars would be spread to the colleges using the formula. In years where inflation was expected to *outpace* appropriations increases, the across-the-board policy would be followed. As shown in **Table 1**, the formula has been used 10 times over the last 14 fiscal years.

Table 1

Distribution Method of State Funding for Community Colleges

State Fiscal Year	*Distribution Method*	*State Fiscal Year*	*Distribution Method*
1984-85	Formula	1991-92	Formula
1985-86	Formula	1992-93	Across-the-Board
1986-87	Formula	1993-94	Across-the-Board
1987-88	Formula	1994-95	Across-the-Board
1988-89	Across-the-Board	1995-96	Formula
1989-90	Formula	1996-97	Formula
1990-91	Formula	1997-98	Formula and Across-the-Board

Recently, the colleges recommended a slightly different procedure for determining when and how to use the formula for distributing funds. The proposal combines across-the-board increases with formula distributions. If the percentage increase in operational funding exceeds *twice* inflation, then each college should receive an across-the-board increase equal to inflation, with the remainder of the funds distributed using the formula. If the percentage increase in operational funding does *not* exceed twice the rate of inflation, then each college should receive an across-the-board increase equal to *half* of the percentage increase in funding, with the remainder of the funds distributed using the formula.[5]

[5] An example: Set inflation = 2.5%. If there were a 6% increase in appropriations, then each college should receive an across-the-board increase of 2.5%, with the remaining 3.5% of funds distributed using the formula. If, however, there were a 4% increase in appropriations, then each college should receive an across-the-board increase of 2% (half of the total increase), with the remaining 2% of funds distributed using the formula.

DIFFERENCES AND VIEWPOINTS

The community college system in Michigan is not made up of identical institutions, and the colleges recognize the formula's attempt to treat each institution fairly while recognizing strengths and rewarding them accordingly.

If one were to survey the colleges as to their support of the Gast-Mathieu formula, a wide range of responses could be expected. However, it can not be overly stressed that the formula, as it is currently used to distribute appropriations, plays a very minor role in this distribution process. More important are the policies of "hold harmless" and "across-the-board" increases, which are often overlooked as principal factors in the appropriations process. The Gast-Mathieu formula does, however, reflect the intent of the Legislature to recognize a set of diverse institutions and respond to varying needs with appropriate state funding.

The following in-depth look at the formula should answer many questions often asked by community college officials, administrators, local officials, legislators, and others. An ***Update*** note is also included for each component, indicating strengths and weaknesses of various measures as well as changes made in the last 14 years or changes that could be made to the formula to bring it up to date.

CALCULATION:
SEVEN
GROSS TARGET NEED COMPONENTS

Throughout this discussion of the formula components, a hypothetical example of three colleges (of various student sizes and cost structures) will be used to illustrate the actual mathematical computations in the formula for each component.

(1) Instructional Need

Instructional Need
plus

As shown in **Figure 2** of this report, instructional need accounts for nearly half (48.6%) of the entire Target Need for colleges, and is foremost in the determination of Gross Target Need. Instruction itself is broken down into six categories:

- *General*:
  math, communication, social studies, science, fine arts
- *Business*:
  business, computer science, media production
- *Trade*:
  agriculture, design, mechanical and construction trade
- *Health*:
  nursing, health related, diagnostic, dental
- *Developmental*:
  learning labs, career guidance, tutorial instruction
- *Human Development*:

home and family life, personal development

Colleges submit data as part of the Activities Classification Structure (ACS) relating to the cost per contact hour (50 minutes of instruction) in each of these areas of instruction. It is extremely important to note that student contact hours (SCOHs), not credit hours, are used in the calculations for instructional need. Also note that although courses of instruction at colleges are not all "credit hour" courses, they still qualify to be reported as SCOHs. Indeed, students may not earn credits for many certificate programs or job training or retraining courses. However, these types of programs are included in the formula based on the 50 minutes of contact with the students.

Update: Instructional Need

Since each college reports yearly data changes in the ACS report submitted to the Department of Education, this portion of the formula accurately represents instructional costs faced two fiscal years prior to the appropriation under consideration. Thus, appropriations are made for the upcoming fiscal year based on audited data from the year prior to the current fiscal year. For example: ACS data from FY 1995-96 would be used to determine appropriations for FY 1997-98.

Using the actual cost data based upon the ACS reports submitted, an average cost for all colleges in each area of instruction is determined. Because each college faces a different cost structure for instruction, factors such as staffing levels and experience, materials, type of instruction, and location contribute to the determination of instruction's dollar cost per contact hour. All colleges' instructional costs are then summed and divided by 28 to determine a statewide average cost of instruction per contact hour in each instructional category. Each college's total contact hours are then multiplied by the statewide average cost to determine each college's need.

Figure 3 presents an example of the calculation used for three fictitious community colleges' target instruction need in the six instruction categories.

Figure 3

Example of Three Fictitious Community Colleges' Target Instructional Need in the Six Instruction Categories

General Instruction

College	*Actual $ Costs/ SCOH	Actual SCOHs	**Statewide Average $ Costs/ SCOH	***Target Need
Appletown	$4.85	600,000	$4.58	$2,748,000
Bananatown	$3.65	800,000	$4.58	$3,664,000
Citrustown	$5.25	1,000,000	$4.58	$4,580,000
Total	$4.58 Average	2,400,000		$10,992,000

Business

College	*Actual $ Costs/SCOH	Actual SCOHs	**Statewide Average $ Costs/ SCOH	***Target Need
Appletown	$5.00	150,000	$4.58	$687,000
Bananatown	$4.25	200,000	$4.58	$916,000
Citrustown	$4.50	550,000	$4.58	$2,519,000
Total	$4.58 Average	900,000		$4,122,000

Trades/Technical

College	*Actual $ Costs/ SCOH	Actual SCOHs	**Statewide Average $ Costs/ SCOH	***Target Need
Appletown	$6.25	100,000	$6.25	$625,000
Bananatown	$5.75	125,000	$6.25	$781,250
Citrustown	$6.75	175,000	$6.25	$1,093,750
Total	$6.25 Average	400,000		$2,500,000

Health Occupations

College	*Actual $ Costs/ SCOH	Actual SCOHs	**Statewide Average $ Costs/ SCOH	***Target Need
Appletown	$6.00	75,000	$5.47	$410,250
Bananatown	$5.00	100,000	$5.47	$547,000
Citrustown	$5.40	75,000	$5.47	$410,250
Total	$5.47 Average	250,000		$1,367,500

Developmental/Preparatory

College	*Actual $ Costs/ SCOH	Actual SCOHs	**Statewide Average $ Costs/ SCOH	***Target Need
Appletown	$3.65	60,000	$5.02	$301,200
Bananatown	$6.40	70,000	$5.02	$351,400
Citrustown	$5.00	80,000	$5.02	$401,600
Total	$5.02 Average	210,000		$1,054,200

Human Development

College	*Actual $ Costs/ SCOH	Actual SCOHs	**Statewide Average $ Costs/ SCOH	***Target Need
Appletown	$3.50	40,000	$3.92	$156,800
Bananatown	$4.25	60,000	$3.92	$235,200
Citrustown	$4.00	70,000	$3.92	$274,400
Total	$3.92 Average	170,000		$666,400

Target Instructional Need = General + Business+ Trades/Technical +Health+ Developmental/Preparatory + Human Development

Appletown	**$4,928,250**
Bananatown	**$6,494,850**
Citrustown	**$9,279,000**
Total	**$20,702,100**

* SCOH = Student Contact Hour(s)

** All Statewide Average $ Costs/SCOH are determined by summing the Actual $ Costs/SCOH for each college and dividing by the number of colleges (3).

*** Target Need is equal to the Statewide Average $ Costs/SCOH multiplied by the number of Actual SCOHs.

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(2) Instructional Support

Instructional Need
plus
Instructional Support
plus

Colleges also report on costs incurred for instructional support. Instructional support activities include library and educational media services, museums and galleries, instructional administration, and instructional facility rental.

Again, each college experiences a different level of cost based upon the type and amount of instructional support activities provided. One college may provide a technology museum (cost intensive), while another may not have a museum on campus at all. This is but one example of why colleges report differing instructional support expenditures.

The formula computes a statewide average percentage of funds spent on instructional support out of target need instruction. That average percentage is then multiplied by the instructional target need, to determine each school's target need level of instructional support.

Update: Instructional Support

Each college updates yearly changes in instructional support costs. This portion of the formula accurately reflects the current costs, as measured by the last completed fiscal year's data.

Example of Three Fictitious Community Colleges' Target Need for Instructional Support

College	Target Need Instruction	Instructional Support Expenditures	* Support as a % of Need	** Statewide Average % of Instructional Support Exp.	*** Instructional Support Target Need
Appletown	$4,930,167	$1,232,542	25.00%	29.33%	$1,446,018
Bananatown	$6,497,417	$1,819,277	28.00%	29.33%	$1,905,692
Citrustown	$9,283,417	$3,249,196	35.00%	29.33%	$2,722,826
Total	$20,711,001	$6,301,014	Average 29.33%		**$6,074,536**

* Support as a % of Need is calculated by dividing Instructional Support Expenditures by Target Need Instruction.

** Statewide Average % of Instructional Support Expenditures is calculated by summing the colleges' Support as a % of Need and dividing by the number of colleges (3).

*** Instructional Support Target Need is determined by multiplying the Statewide Average % of Instructional Support Expenditures by Target Need Instruction for each college.

(3) Student Services

Instructional Need
plus
Instructional Support
plus
Student Services
plus

A target need for student services is then developed. Using actual statewide college expenditures on counseling, financial aid and job placement assistance, admissions, and health services (along with unduplicated headcounts reported), the formula calculates an average student services cost per student. This average cost is then multiplied by each college's total headcount for a target student services need.

Similar to both the Instructional Need and Instructional Support components, costs incurred for providing student services vary among the colleges. Some colleges may provide more counselors per pupil than others, or more experienced financial aid officers. Depending on the requirements of the students and the responses by the colleges, cost structures differ.

Update: Student Services

Colleges update this data yearly; therefore, the formula is accurately reporting student services needs.

(4) Administration

Instructional Need
plus
Instructional Support
plus
Student Services
plus
Administration
plus

The next component used in the calculation of Gross Target Need concerns General Administration. This is a two-part calculation which attempts to recognize the need for a base level of administration at any college, acknowledging economies of scale enjoyed at larger schools. (It has been argued that administrative cost savings occur as a college grows in size.)

The first part of the administration formula recognizes a target need of 15.1% of total expenditures for "small" colleges, 11.1% for "medium" colleges, and 9.8% for "large" colleges.

The second part of the model separates the colleges into the three levels of size as measured by Fiscal Year Equated Students (FYES); an FYES is the calculated equivalent of a student having completed a full year of instructional work, or 31 semester **credit** hours. The three college size levels contain arbitrary cutoffs: less

Example of Three Fictitious Community Colleges' Target Need for Student Services

College	Student Services Costs (excluding athletics)	Pupil Headcount	Cost Per Student *	Statewide Average Cost per Student **	Number of Students Eligible for Pell Grants	College Receives $25/Pell Recipient	Student Services Need ***
Appletown	$700,000	3,500	$200	$189	600	$15,000	$676,500
Bananatown	$500,000	2,500	$200	$189	800	$20,000	$492,500
Citrustown	$1,000,000	6,000	$167	$189	1,100	$27,500	$1,161,500
Total	$2,200,000	12,000	Average $189		2,500	$62,500	**$2,330,500**

* Cost Per Student is determined by dividing Student Services Costs by Pupil Headcount.
** Statewide Average Cost Per Student is equal to the sum of the colleges' Cost Per Student divided by the number of colleges (3).
*** Student Services Need is equal to the Statewide Average Cost Per Student multiplied by each college's Pupil Headcount, plus Pell Grant awards.

than 2,500 FYES; 2,500 to 6,000 FYES; and greater than 6,000 FYES.

Update: Administration

Initially, smaller colleges were assumed to spend 14% of total expenditures on administration; this has been increased to 15%. A calculation of the actual percentage of expenditures for administration for small colleges (i.e., FYES of less than 2,500) reveals that the percentage is closer to 16%. Medium schools spend closer to 13.4% of total expenditures on administration, while large schools spend approximately 11.9% on administrative activities.

Considering that half of the colleges report FYES of less than 2,500, it may be appropriate to reevaluate the cutoff settings as they currently stand. The decision to use three administration levels (with the ranges listed above) has not been altered since the formula was first written.

Finally, a mathematical inconsistency occurs within this calculation. All instructional activity is measured in ***contact*** *hours, yet administrative needs are based on FYES, a measurement of* ***credit*** *hours. This creates a double standard with respect to measurement units within the formula.*

Example of Three Fictitious Community Colleges' Target Need for Administration

College	FYES Non-Prison	General Fund Expenditures	Administration Need If FYES < 2,500	Administration Need If FYES between 2,500 and 6,000	Administration Need If FYES > 6,000	Target Need Administration
Appletown	1,000	$7,000,000	$1,057,000	$0	$0	$1,057,000
Bananatown	4,500	$35,000,000	$0	$3,885,000	$0	$3,885,000
Citrustown	7,000	$42,000,000	$0	$0	$4,116,000	$4,116,000
Total	12,500	$84,000,000	$1,057,000	$3,885,000	$4,116,000	**$9,058,000**
Multiplier			*15.1%*	*11.1%*	*9.8%*	

(5) Physical Plant and *(6) Energy*

Instructional Need
plus
Instructional Support
plus
Student Services
plus
Administration
plus
Physical Plant
plus
Energy
plus

These two components of the formula will be discussed jointly, since they are computed similarly. Physical plant need is determined by computing a system average expenditure per square foot of floor space, and multiplying it by each college's total square footage. Energy need is likewise determined using total building space (i.e., total cubic footage).

Paralleling several previous components, the costs incurred by the colleges on physical plant and energy expenditures differ since energy providers, maintenance suppliers, and environmental conditions are not identical. The formula, then, determines the statewide average of these costs and applies it back to each college.

Updates: Physical Plant and Energy

Each year, colleges report on their individual physical plant and energy costs. The mechanism for calculating system-wide average costs and applying the averages to each school has not changed since the formula was implemented.

Example of Three Fictitious Community Colleges' Target Need for Physical Plant

College	Physical Plant Expenditures	Square Feet	* Cost Per Square Foot	** Statewide Average Cost Per Square Foot	*** Physical Plant Need
Appletown	$500,000	300,000	$1.67	$1.84	$552,000
Bananatown	$800,000	450,000	$1.78	$1.84	$828,000
Citrustown	$1,300,000	625,000	$2.08	$1.84	$1,150,000
Total	$2,600,000	1,375,000	Average $1.84		**$2,530,000**

* Cost Per Square Foot is equal to Physical Plant Expenditures divided by Square Feet.
** Statewide Average Cost Per Square Foot is calculated by summing each college's Cost Per Square Foot and dividing by the number of colleges (3).
*** Physical Plant Need is equal to Square Feet multiplied by the Statewide Average Cost Per Square Foot.

Example of Three Fictitious Community Colleges' Target Need for Energy

College	Energy Expenditures	Cubic Feet	* Cost Per Cubic Foot	** Statewide Average Cost per Cubic Foot	*** Energy Need
Appletown	$350,000	4,000,000	$0.09	$0.07	$280,000
Bananatown	$500,000	7,500,000	$0.07	$0.07	$525,000
Citrustown	$850,000	14,000,000	$0.06	$0.07	$980,000
Total	$1,700,000	25,500,000	Average $0.07		**$1,785,000**

* Cost Per Cubic Foot is equal to Energy Expenditures divided by Cubic Feet.
** Statewide Average Cost Per Cubic Foot is determined by summing each college's Cost Per Cubic Foot and dividing by the number of colleges (3).
*** Energy Need is equal to the Statewide Average Cost Per Cubic Foot multiplied by Cubic Feet.

(7) Equipment

Instructional Need
plus
Instructional Support
plus
Student Services
plus
Administration
plus
Physical Plant
plus
Energy
plus
Equipment
equals

Finally, the component entitled Equipment Need is calculated.

Equipment need is arbitrarily determined to be 4% of the instructional target need.

Update: Equipment

When the formula was first written, equipment need was determined to be a reflection of the state's responsibility to fund depreciating equipment; grants were to be awarded to colleges whose equipment value was based on a 10-year depreciation schedule. However, this was changed to the easier method of calculating 4% of the instructional target need.

No data have been collected to assess whether 4% is an approximate representation of the percentage of funds spent on equipment.

Example of Three Fictitious Community Colleges' Target Need for Equipment

College	Instructional Target Need	4% of Instructional Target Need for Equipment
Appletown	$4,930,167	$197,207
Bananatown	$6,497,417	$259,897
Citrustown	$9,283,417	$371,337
Total	$20,711,001	**$828,441**

Sum: Gross Target Need

Instructional Need
plus
Instructional Support
plus
Student Services
plus
Administration
plus
Physical Plant
plus
Energy
plus
Equipment
equals GROSS TARGET NEED

The prior seven components are summed for Gross Target Need. After calculation of the gross target need, a tax equalization grant is applied for eligible colleges; while millage, tuition, and other revenue deducts are subtracted from the Gross Target Need to determine the final Target Net Need.

For actual data used in the calculations of Michigan's community colleges for the Fiscal Year 1997-98, the reader is referred to the *Activities Classification Structure*, published by the Department of Education in March, 1997.

Gross Target Need

College	Instruction	Instructional Support	Student Services	Admin	Physical Plant	Energy	Equipment	GROSS TARGET NEED
Appletown	$4,928,250	$1,446,018	$676,500	$1,057,000	$552,000	$280,000	$197,207	**$9,136,975**
Bananatown	$6,494,850	$1,905,692	$492,500	$3,885,000	$828,000	$525,000	$259,897	**$14,390,939**
Citrustown	$9,279,000	$2,722,826	$1,161,500	$4,116,000	$1,150,000	$980,000	$371,337	**$19,780,663**
Total	$20,702,100	$6,074,536	$2,330,500	$9,058,000	$2,530,000	$1,785,000	$828,441	**$43,308,577**

CALCULATION:
TAX EQUALIZATION COMPONENT

Instructional Need
plus
Instructional Support
plus
Student Services
plus
Administration
plus
Physical Plant
plus
Energy
plus
Equipment
equals GROSS TARGET NEED
plus
Tax Equalization
plus

Tax equalization compensates colleges that have a low tax base relative to other community colleges, as measured by the state equalized value (SEV) of property within the community college boundaries. The grant "rewards" colleges that levy mills but receive less than the average per-FYES millage revenue.

The amount of the tax equalization grant is determined through a series of calculations. First, only colleges that levy more than one mill of property tax qualify. Of the colleges that initially qualify, only those that receive less than the statewide SEV/FYES (per-pupil millage revenue) qualify for a grant.

The equalization factor is equal to 0.55 mills if a college levies more than 1.55 mills, or is equal to actual mills minus one mill if the millage is less than 1.55 mills. The dollar amount of a grant is equal to the number of FYES multiplied by the equalization, then multiplied by the difference between the college's actual and the statewide average SEV/FYES.

Update: Tax Equalization

The equalization rate is equal to the difference between 1.55

mills and the one mill assumed by the formula that each college must assess as part of the local funding responsibility. For Fiscal Year 1984-85, the average mills assessed by colleges was equal to 1.55, hence the use of .55 mills as an equalization.

However, this is another aspect of the formula which has not been updated since its inception. The average millage assessed now equals 2.18, but equalization rates have not changed to reflect this increase.

*Also, the tax equalization calculations are based on SEV/FYES; the FYES are based on **credit** hours, while instructional needs are based on **contact** hours.*

NOTE: Since millage data are used in the calculation of tax equalization grants as well as the millage deduct, the example for millage and equalization is shown in the **Calculation: Three Deducts** section (page 31), following explanation of the millage deduct.

CALCULATION:
THREE DEDUCTS

Colleges receive property tax revenue from mills levied, tuition and fees from students, and revenue from "other" sources. After Gross Target Need has been determined and any grants from tax equalization calculations have been included, the Gast-Mathieu formula acknowledges three sources of funding that colleges collect outside of state aid. The average value of revenues collected is computed, and then deducted from the gross need plus equalization grants earlier determined.

A comprehensive look at these revenue deducts follows.

(1) Millage

Instructional Need
plus
Instructional Support
plus
Student Services
plus
Administration
plus
Physical Plant
plus
Energy
plus
Equipment
equals GROSS TARGET NEED
plus
Tax Equalization
minus
Millage
minus

When the formula was first devised, it was determined that each college should be responsible for collecting one mill in property tax. The formula calculates one mill of each college's SEV, then deducts that from each college's gross need.

Because the system average millage is greater than one mill, the formula undervalues tax revenue received by many colleges.

Update: Millage

Millage responsibility has not changed over the last 14 years, though taxable property values and average mills assessed have risen dramatically.

Example of Three Fictitious Community Colleges' Tax Equalization Grants and Millage Deduct

College	Taxable Value (Thousands)	FYES Non-prison	SEV/FYES	Operational Millage	Equalization Millage	Equalization Grant	Millage Deduct (1 Mill)
Appletown	$500,000	1,000	$500	2.50	0.55	$242,000	($500,000)
Bananatown	$3,250,000	4,500	$722	1.90	0.55	$539,000	($3,250,000)
Citrustown	$8,000,000	7,000	$1,143	1.50	0.50	$0	($8,000,000)
Total	$11,750,000	12,500	$940 Statewide			**$781,000**	**($11,750,000)**

Note 1: To calculate "Statewide" SEV/FYES: total Taxable Value / total FYES
Note 2: To calculate a college's Equalization Grant:
("Statewide" SEV/FYES minus college's SEV/FYES)*college's Equalization Millage*college's FYES

These calculations are also explained in "Tax Equalization Component" and "Millage Deduct."

(2) Tuition

Instructional Need
plus
Instructional Support
plus
Student Services
plus
Administration
plus
Physical Plant
plus
Energy
plus
Equipment
equals GROSS TARGET NEED
plus
Tax Equalization
minus
Millage
minus
Tuition
minus

Recognizing a student's funding responsibility, a tuition deduct is applied to the formula; however, this is not a straight deduction of actual tuition revenues. Instead, the formula calculates two scenarios: (a) an average tuition deduct computed from average in- and out-of-district tuition rates multiplied by in- and out-of-district credits; and (b) actual tuition revenue. The formula applies the lesser amount of the two methods of computing tuition revenues as the deduct.

Update: Tuition

With respect to mathematical consistency, this method of calculating tuition deducts has two problems:

First, the Gast-Mathieu formula is based upon system average costs. The tuition deduct does not necessarily use the average tuition cost of a college, but rather deducts the smaller of two scenarios so as not to penalize colleges charging lower-than-average tuition rates.

Second, the tuition deduct is based on credit hours, not student contact hours (SCOHs). Since SCOHs drive the formula's computation of instructional target need, instructional support need, and equipment need, it can be argued that colleges offering proportionally more non-credit courses than credit courses are rewarded by the formula, since the tuition deduct only recognizes credit courses.

Example of Three Fictitious Community Colleges' Tuition Deduct

College	In District Credits	Out District Credits	In District Tuition	Out District Tuition	Average Tuition Revenue	Imputed Tuition Revenue	* Tuition Deduct
Appletown	25,000	10,000	$50.00	$80.00	$1,874,583	$2,050,000	($1,874,583)
Bananatown	75,000	25,000	$45.00	$65.50	$5,275,000	$5,012,500	($5,012,500)
Citrustown	300,000	75,000	$46.25	$63.75	$19,356,250	$18,656,250	($18,656,250)
Total	400,000	110,000	$47.08 Average	$69.75 Average	$26,505,833	$25,718,750	**($25,543,333)**

*Lesser of Average Tuition Revenue or Imputed Tuition Revenue.

(3) Other Revenue

Instructional Need
plus
Instructional Support
plus
Student Services
plus
Administration
plus
Physical Plant
plus
Energy
plus
Equipment
equals GROSS TARGET NEED
plus
Tax Equalization
minus
Millage
minus
Tuition
minus
Other Revenue
equals

The final deduct is "other" revenue, which includes any non-general fund revenue collected outside of tuition, fees, millage, and state revenues. Again, the average cost method is used.

The formula calculates a statewide average of "other" revenue from total revenue received. To determine each college's "other" revenue deduct, the average is multiplied by the college's actual "other" revenue, and this amount is subtracted from gross need.

Interestingly, the "other" revenue deduct was not included in the initial formula proposal for Fiscal Year 1984-85. However, in the intervening years, it was recognized that colleges do have access to other non-traditional sources of revenue, and a corresponding deduct was implemented.

Update: Other Revenue

Since its inclusion in the formula, there have been no changes to the methodology for use of this deduct.

Example of Three Fictitious Community Colleges' Other Revenue Deduct

College	Total Revenue	All "Other" Revenue	* "Other" Rev as a % of Total Rev	*** Statewide Average "Other" Rev out of Total	*** "Other" Revenue Deduct
Appletown	$8,000,000	$250,000	3.13%	3.70%	($296,154)
Bananatown	$13,000,000	$550,000	4.23%	3.70%	($481,250)
Citrustown	$40,000,000	$1,500,000	3.75%	3.70%	($1,480,769)
Total	$61,000,000	$2,300,000	Average 3.70%		**($2,258,173)**

* "Other" Revenue as a % of Total Revenue is equal to All "Other" Revenue divided by Total Revenue for each college.

** Statewide Average "Other" Revenue out of Total is calculated by summing each college's "Other" Revenue as a % of Total Revenue and dividing by the number of colleges (3).

*** "Other" Revenue Deduct is equal the Statewide Average "Other" Revenue out of Total multiplied by All "Other" Revenue (negative).

CALCULATION:
TARGET NET NEED

The **Target Net Need** puts all of the components together and would equal the state's contribution for funding if the formula was "fully-funded."

Instructional Need
plus
Instructional Support
plus
Student Services
plus
Administration
plus
Physical Plant
plus
Energy
plus
Equipment
equals GROSS TARGET NEED
plus
Tax Equalization
minus
Millage
minus
Tuition
minus
Other Revenue
equals TARGET NET NEED

For FY 1997-98, fully funding the formula would have meant an appropriation of $308.1 million; the Governor's initial recommendation was $265.2 million, while the final enacted appropriation was $271.1 million, or 12.0% below the computed target need.

Example of Three Fictitious Community Colleges' Target Net Need

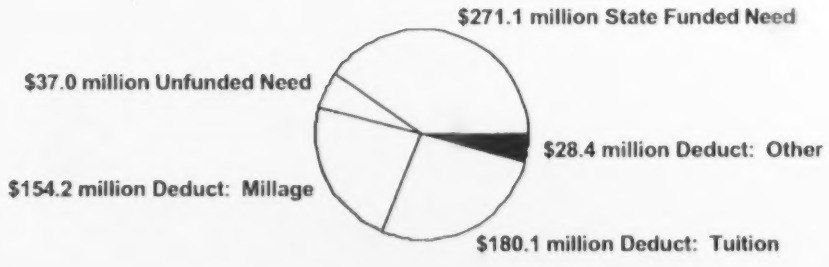
Target Net Need = Gross Target Need + Tax Equalization - Millage - Tuition - Other

College	Gross Target Need	Tax Equalization Grant	Millage Deduct	Tuition Deduct	"Other" Revenue Deduct	TARGET NET NEED
Appletown	$9,136,975	$242,000	($500,000)	($1,874,583)	($296,154)	**$6,708,238**
Bananatown	$14,390,939	$539,000	($3,250,000)	($5,012,500)	($481,250)	**$6,186,189**
Citrustown	$19,780,663	$0	($8,000,000)	($18,656,250)	($1,480,769)	**($8,356,356)**
Total	**$43,308,577**	**$781,000**	**($11,750,000)**	**($25,543,333)**	**($2,258,173)**	**$4,538,071**

As shown in **Figure 4**, FY 1997-98 state funding of community colleges equaled just over $271 million. With $37 million of unfunded need, total Gross Need as determined by the formula was $308 million. Millage levied accounted for $154.2 million in revenues for the coileges, while tuition accounted for more than $180 million.

Figure 4

Gross Target Need - Fiscal Year 1997-98


$271.1 million State Funded Need
$37.0 million Unfunded Need
$28.4 million Deduct: Other
$154.2 million Deduct: Millage
$180.1 million Deduct: Tuition

Deducts are subtracted from Gross Target Need in order to determine Target Net Need. Target Net Need has never been fully funded.

CONCLUSION

Gast-Mathieu formula calculations are relatively straightforward and are based on verifiable data. A detailed explanation of the formula, however, is not as direct.

It is important to realize that some aspects of the formula are either inconsistent (SCOHs versus credit hours), or have not been updated to reflect changes in the last 14 fiscal years. For example, millage rates and taxable property values have changed significantly over the last 13 years, yet the formula preserves average mills assessed at 1.55, the level which was experienced in 1982-83. Currently, more than two mills are assessed on average, yet the formula does not take this into account.

It is also important to note that factors influencing the distribution of appropriations for community colleges are not solely attributable to the Gast-Mathieu Fairness in Funding Formula. As shown in the report, conditions not determined by formula (such as "hold harmless" or across-the-board increases) change the formula-generated distribution.

Mathematically, because the formula is based on simple averages rather than weighted averages, very large colleges tend to "set the average." This creates a possible bias throughout the formula, since the statewide averages used to calculate need are more reflective of the few large colleges than of the many smaller colleges.

APPENDIX

Gast-Mathieu Target Formula Appropriations and Actual State Appropriations
Fiscal Years 1989-90, 1990-91, and 1991-92

Community College	FY1989-90 Formula Appropriations	FY1989-90 State Appropriations	Percent *** Funding Under (Over)	FY1990-91 Formula Appropriations	FY1990-91 ** State Adjusted Appropriations	Percent *** Funding Under (Over)	FY1991-92 Formula Appropriations	FY1991-92 State Appropriations	Percent *** Funding Under (Over)
Alpena	$4,241,838	$3,067,600	-27.68%	$4,368,913	$3,234,600	-25.96%	$4,554,372	$3,499,600	-23.16%
Bay de Noc	3,920,183	2,509,100	-36.00%	4,189,124	2,682,300	-35.97%	4,608,842	2,946,800	-36.06%
Delta	9,823,890	9,020,100	-8.18%	13,469,215	9,548,100	-29.11%	12,385,432	10,273,500	-17.05%
Glen Oaks	1,255,700	1,307,400	4.12%	1,448,208	1,353,800	-6.52%	1,756,498	1,456,700	-17.07%
Gogebic	2,028,869	2,919,700	43.91%	2,562,338	3,004,800	17.27%	2,616,935	3,185,100	21.71%
Grand Rapids	17,048,678	12,360,500	-27.50%	18,788,886	13,104,100	-30.26%	19,278,585	14,222,300	-26.23%
Henry Ford	15,589,640	14,358,800	-7.90%	15,578,590	14,850,600	-4.67%	16,101,343	15,808,900	-1.82%
Highland Park	5,075,093	5,039,200	-0.71%	5,288,021	5,201,200	-1.64%	4,822,770	5,513,300	14.32%
Jackson	7,235,970	8,831,500	22.05%	7,812,164	9,088,800	16.34%	7,963,351	9,634,100	20.98%
Kalamazoo Valley	8,743,250	5,885,800	-32.68%	9,638,742	6,281,200	-34.83%	10,828,850	6,902,600	-36.26%
Kellogg	6,491,239	5,456,600	-15.94%	7,800,860	5,755,600	-26.22%	7,795,556	6,210,600	-20.33%
Kirtland	1,486,271	2,125,100	42.98%	1,752,242	2,187,000	24.81%	2,091,968	2,318,200	10.81%
Lake Michigan	3,604,819	2,970,400	-17.60%	4,220,760	3,131,400	-25.81%	4,501,359	3,392,900	-24.62%
Lansing	28,585,788	19,634,200	-31.31%	30,952,204	20,881,200	-32.54%	32,255,505	22,745,500	-29.48%
Macomb	22,921,564	21,951,800	-4.23%	27,132,484	22,899,800	-15.60%	28,864,832	24,594,500	-14.79%
Mid Michigan	3,222,113	2,376,500	-26.24%	3,226,223	2,496,300	-22.62%	3,407,679	2,695,100	-20.91%
Monroe County	2,891,116	2,171,000	-24.91%	3,339,090	2,303,900	-31.00%	3,726,923	2,518,600	-32.42%
Montcolm	2,206,553	2,037,300	-7.67%	2,456,421	2,120,800	-13.66%	3,276,614	2,310,200	-29.49%
Mott	9,720,862	10,104,100	3.94%	10,860,966	10,443,000	-3.85%	11,647,870	11,134,400	-4.41%
Muskegon	5,996,170	5,890,800	-1.76%	6,275,026	6,085,100	-3.03%	6,874,199	6,492,600	-5.55%
North Central	2,182,078	1,844,400	-15.48%	2,199,923	1,919,300	-12.76%	2,412,226	2,061,000	-14.56%
Northwestern	7,260,667	5,218,700	-28.12%	8,221,187	5,549,700	-32.50%	8,651,874	6,049,500	-30.08%
Oakland	18,861,327	14,753,200	-21.78%	18,635,047	15,416,700	-17.27%	17,944,205	16,474,600	-8.19%
St. Clair	4,706,430	4,589,900	-2.48%	5,352,616	7,818,100	46.06%	5,915,771	5,116,800	-13.51%
Schoolcraft	7,671,000	7,559,900	-1.45%	8,199,625	3,531,000	-56.94%	8,336,392	8,315,000	-0.26%
Southwestern	4,604,889	3,359,300	-27.05%	4,593,708	4,769,000	3.82%	4,689,216	3,805,100	-18.85%
Washtenaw	7,541,229	6,712,000	-11.00%	10,194,236	7,115,000	-30.21%	11,117,511	7,757,100	-30.23%
Wayne County *	11,470,148	22,379,100	95.11%	15,816,184	23,023,900	45.57%	14,943,969	22,785,900	52.48%
West Shore	1,255,121	1,406,500	12.06%	1,406,957	1,447,500	2.88%	1,543,951	1,539,500	-0.29%
Statewide Totals	$227,642,495	$207,840,500	-8.70%	$255,779,960	$217,243,800	-15.07%	$264,914,598	$231,760,000	-12.52%

*Wayne County received a tax credit equivalent to .75 mills for fiscal years 1990, 1991, and 1992, which is included in the State Appropriations cited above.

** Because of Public Act 357 of 1990, colleges experienced reduced State Appropriations, which are reflected above.

*** This column represents the percentage shortfall (windfall) of actual appropriations as opposed to formula target appropriations.

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Gast-Mathieu Target Formula Appropriations and Actual State Appropriations
Fiscal Years 1992-93, 1993-94, and 1994-95

Community College	FY1992-93 Formula Appropriations	FY1992-93 State Appropriations	Percent * Funding Under (Over)	FY1993-94 Formula Appropriations	FY1993-94 State Appropriations	Percent * Funding Under (Over)	FY1994-95 Formula Appropriations	FY1994-95 State Appropriations	Percent * Funding Under (Over)
Alpena	$5,009,785	$3,560,000	-28.94%	$5,009,208	$3,675,200	-38.84%	$5,483,497	$3,794,900	-30.79%
Bay de Noc	4,901,791	2,997,600	-38.85%	5,443,067	3,094,600	-43.15%	5,358,360	3,195,400	-40.37%
Delta	13,582,064	10,450,800	-23.05%	14,796,828	10,789,100	-27.09%	14,831,742	11,140,500	-24.89%
Glen Oaks	2,264,960	1,482,100	-34.56%	2,534,484	1,530,100	-39.63%	2,371,169	1,580,000	-33.37%
Gogebic	2,945,451	3,240,000	10.00%	3,343,038	3,345,000	0.06%	3,503,248	3,453,900	-1.41%
Grand Rapids	22,683,542	14,467,700	-36.22%	17,726,581	14,936,000	-15.74%	17,796,506	15,422,400	-13.34%
Henry Ford	17,238,224	16,081,600	-6.71%	18,621,841	16,602,200	-10.85%	17,603,271	17,142,900	-2.62%
Highland Park	5,549,954	5,608,400	1.05%	6,022,620	5,789,900	-3.86%	5,205,173	5,978,500	14.86%
Jackson	8,701,277	9,800,300	12.63%	9,857,562	10,117,600	2.64%	10,036,830	10,447,100	4.09%
Kalamazoo Valley	12,923,374	7,021,700	-45.67%	14,718,471	7,249,000	-50.75%	13,542,898	7,485,100	-44.73%
Kellogg	8,392,677	6,317,700	-24.72%	9,386,682	6,521,700	-30.52%	10,255,333	6,734,100	-34.34%
Kirtland	2,105,588	2,358,200	12.00%	2,221,741	2,434,500	9.58%	2,255,027	2,513,800	11.48%
Lake Michigan	4,991,668	3,451,400	-30.86%	6,340,403	3,563,100	-43.80%	5,974,421	3,679,100	-38.42%
Lansing	34,409,082	23,137,900	-32.76%	37,310,167	23,887,000	-35.98%	37,226,355	24,665,000	-33.74%
Macomb	31,415,757	25,018,800	-20.36%	33,924,790	25,828,700	-23.86%	32,786,819	26,669,900	-18.66%
Mid Michigan	3,922,973	2,741,600	-30.11%	4,679,389	2,830,300	-39.52%	4,552,777	2,922,500	-35.81%
Monroe County	3,905,537	2,562,000	-34.40%	4,993,083	2,644,900	-47.03%	5,179,742	2,731,000	-47.28%
Montcalm	3,327,403	2,350,100	-29.37%	3,589,386	2,426,200	-32.41%	3,522,715	2,505,200	-28.88%
Mott	12,722,606	11,326,500	-10.97%	15,268,145	11,693,100	-23.42%	16,885,264	12,073,900	-28.49%
Muskegon	7,579,772	6,604,600	-12.87%	8,678,299	6,818,400	-21.43%	8,821,977	7,040,500	-20.19%
North Central	2,528,028	2,096,500	-17.07%	3,096,559	2,164,400	-30.10%	3,464,482	2,234,900	-35.49%
Northwestern	8,423,822	6,153,900	-26.95%	9,689,057	6,353,100	-34.43%	9,663,391	6,560,000	-32.11%
Oakland	18,844,934	16,758,800	-11.07%	22,271,214	17,301,400	-22.31%	19,663,472	17,864,900	-9.15%
St. Clair	8,996,000	5,205,100	-42.14%	10,828,163	5,373,600	-50.37%	11,216,037	5,548,600	-50.53%
Schoolcraft	5,405,668	8,458,500	56.47%	6,727,064	8,732,300	29.81%	6,627,464	9,016,700	36.05%
Southwestern	6,021,425	3,870,700	-35.72%	6,863,284	3,996,000	-41.78%	7,101,748	4,126,100	-41.90%
Washtenaw	12,371,809	7,890,900	-36.22%	13,493,475	8,146,300	-39.63%	13,081,655	8,411,600	-35.70%
Wayne County	4,803,897	13,693,700	185.05%	4,028,380	14,137,000	250.94%	2,034,463	14,597,400	617.51%
West Shore	1,692,693	1,566,100	-7.48%	1,884,994	1,616,900	-14.22%	2,422,144	1,669,600	-31.07%
Statewide Totals	$277,661,761	$226,273,200	-18.51%	$304,347,975	$233,597,600	-23.25%	$298,467,980	$241,205,500	-19.19%

* This column represents the percentage shortfall (windfall) of actual appropriations as opposed to formula target appropriations.

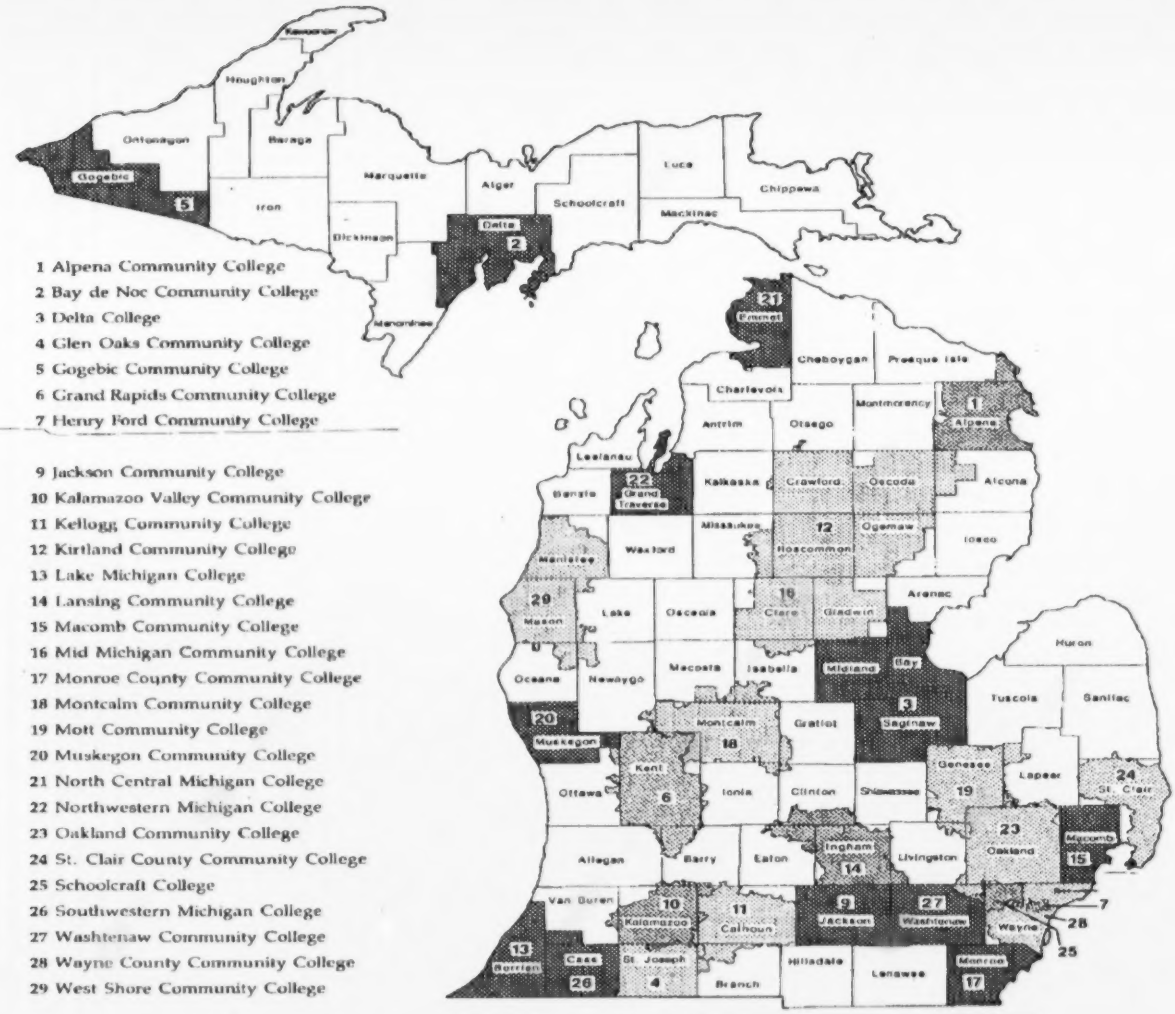
Gast-Mathieu Target Formula Appropriations and Actual State Appropriations
Fiscal Years 1995-96, 1996-97, and 1997-98

Community College	FY1995-96 Formula Appropriations	FY1995-96* State Appropriations	Percent ** Funding Under (Over)	FY1996-97 Formula Appropriations	FY1996-97 State Appropriations	Percent ** Funding Under (Over)	FY1997-98 Formula Appropriations	FY1997-98 State Appropriations	Percent ** Funding Under (Over)
Alpena	$5,284,226	$4,019,667	-23.93%	$5,159,678	$4,232,625	-17.97%	$5,158,392	$4,427,617	-14.17%
Bay de Noc	5,647,802	3,433,333	-39.21%	5,761,052	3,797,994	-34.07%	5,997,005	4,073,298	-32.08%
Delta	15,942,594	11,628,420	-27.06%	15,112,416	12,274,288	-18.78%	15,498,105	12,879,360	-16.90%
Glen Oaks	2,552,850	1,721,808	-32.55%	2,354,273	1,824,911	-22.49%	2,632,334	1,938,977	-26.34%
Gogebic	3,803,730	3,626,213	-4.67%	3,864,781	3,752,453	-2.91%	4,381,675	3,911,254	-10.74%
Grand Rapids	21,584,693	16,041,355	-25.68%	17,361,585	16,634,283	-4.19%	17,103,814	17,167,807	0.37%
Henry Ford	19,151,841	17,655,954	-7.81%	20,569,140	18,433,605	-10.38%	21,216,942	19,191,097	-9.55%
Highland Park	6,266,501	0	-100.00%	0	0	0.00%	0	0	0.00%
Jackson	10,427,069	10,761,612	3.21%	10,461,800	11,047,351	5.60%	11,171,481	11,387,890	1.94%
Kalamazoo Valley	15,085,379	7,967,756	-47.18%	15,818,369	8,907,554	-43.69%	15,549,910	9,662,776	-37.86%
Kellogg	10,624,281	7,081,046	-33.35%	10,271,965	7,558,837	-52.21%	11,303,716	8,060,728	-28.69%
Kirtland	2,407,021	2,654,652	10.29%	2,457,326	2,730,118	-73.42%	2,525,946	2,812,022	11.33%
Lake Michigan	6,219,154	3,921,588	-36.94%	6,203,047	4,233,089	72.26%	5,712,632	4,468,779	-21.77%
Lansing	31,133,674	25,524,047	-18.02%	30,415,541	26,669,260	329.94%	33,181,830	27,947,798	-15.77%
Macomb	35,233,317	27,644,077	-21.54%	35,349,916	29,102,443	-4.32%	35,151,875	30,419,950	-13.46%
Mid Michigan	4,852,857	3,135,176	-35.40%	4,787,220	3,373,234	-90.46%	5,185,729	3,607,590	-30.43%
Monroe County	5,835,030	2,968,658	-49.12%	5,571,085	3,279,142	-31.50%	5,416,930	3,534,573	-34.75%
Montcolm	3,315,209	2,673,514	-19.36%	3,290,852	2,797,347	-49.79%	3,158,816	2,907,824	-7.95%
Mott	18,024,779	12,627,429	-29.94%	17,727,432	13,453,006	308.80%	17,269,267	14,136,966	-18.14%
Muskegon	8,926,931	7,344,222	-17.73%	8,612,000	7,672,999	-56.72%	9,343,158	8,025,890	-14.10%
North Central	3,117,982	2,401,876	-22.97%	3,137,363	2,568,459	-70.18%	3,128,200	2,686,635	-14.12%
Northwestern	9,644,351	6,874,409	-28.72%	9,541,749	7,396,982	135.77%	9,992,874	7,809,604	-21.85%
Oakland	20,719,083	18,480,029	-10.81%	20,476,391	19,176,115	100.97%	20,454,144	19,845,292	-2.98%
St. Clair	6,790,730	5,800,435	-14.58%	6,932,527	6,073,798	-70.34%	7,043,319	6,327,240	-10.17%
Schoolcraft	13,560,936	9,431,755	-30.45%	13536560	10,066,516	45.21%	13,815,659	10,643,950	-22.96%
Southwestern	7,636,427	4,399,729	-42.38%	6,977,969	4,754,811	-31.86%	8,031,790	5,138,206	-36.03%
Washtenaw	13,206,993	8,826,747	-33.17%	13,905,367	9,535,282	-31.43%	14,364,789	10,176,151	-29.16%
Wayne County	1,442,895	15,006,750	940.04%	583,693	15,406,817	2539.54%	1,669,530	15,869,022	850.51%
West Shore	2,484,910	1,826,922	-26.48%	2,462,786	1,936,459	-21.37%	2,639,979	2,046,238	-22.49%
Statewide Totals	$310,943,245	$245,479,179	-21.05%	$298,703,883	$258,689,778	-13.40%	$308,099,841	$271,104,534	-12.01%

* Funding for Highland Park Community College was passed by both the House and Senate at $6.2 million. However, the Governor vetoed all funding for the college.

** This column represents the percentage shortfall (windfall) of actual appropriations as opposed to formula target appropriations.

MICHIGAN COMMUNITY COLLEGES



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